

UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, DC 20520

In the Matter of:

NORTHROP GRUMMAN CORPORATION

Respondent

ORDER

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State ("Department"), has notified Northrop Grumman Corporation ("NGC" or "Respondent") of its intention to initiate an administrative proceeding against it pursuant to section 38(e) of the Arms Export Control Act, as amended, (the "AECA") (22 U.S.C. 2778(e)), and its implementing regulations, the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) (the "ITAR");

WHEREAS, the proposed charges are based on allegations that the Respondent violated section 38 of the AECA and section 127 of the ITAR as set forth in the Proposed Charging Letter, attached hereto and incorporated by reference herein in connection with the unauthorized export of defense articles and technical data;

WHEREAS, pursuant to section 128.11 of the ITAR, the Department and the Respondent have entered into a Consent Agreement (attached hereto and incorporated by reference herein), whereby the Department and the Respondent have agreed to settle this matter in accordance with the terms and conditions set forth therein;

IT IS THEREFORE ORDERED:

FIRST, that the Respondent shall pay in fines and in remedial compliance measures a civil penalty of fifteen million dollars (\$15,000,000) comprised of the amounts and payable, as stipulated below, in complete settlement of the civil violations contained in the Department's Proposed Charging Letter and other information identified in the Consent Agreement;

SECOND, three million dollars (\$3,000,000) of this civil penalty shall be paid to the Department within ten (10) days of signing of the Order. The Respondent shall pay three million (\$3,000,000) dollars on each of the first and second anniversaries, and one million dollars (\$1,000,000) on the third anniversary, of the signing of the Order. Such payments to be made by cashiers or certified check payable to the Department of State;

THIRD, a penalty of five million dollars (\$5,000,000) in remedial compliance measures is assessed. Respondent shall apply such amounts over the three (3) year period commencing on the date of this Order, for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified in the Consent Agreement. The Respondent shall receive a credit of one million dollars (\$1,000,000) against the five million (\$5,000,000) for targeted remedial compliance measures already implemented since 2004;

FOURTH, the Department recognizes that the Respondent agrees to waive its rights to raise the defense of Statute of Limitations with regard to the collection of the civil penalty imposed by the Consent Agreement and this Order, and that the Statute of Limitations shall be tolled until the last payment is made and all terms of the Consent Agreement are satisfied;

FIFTH, that any failure by the Respondent to apply suspended penalty funds appropriately for remedial compliance measures or provide satisfactory accounting shall result in the Respondent's being required to pay immediately to the Department the amount specified, less credit for amounts the Department deems to have been properly applied and accounted for as expenditures in compliance with the Consent Agreement;

SIXTH, that the Respondent shall comply with the compliance measures and its obligations under the provisions of the Consent Agreement (including the Annex of Compliance Measures) and shall do so within the deadlines established therein; and

SEVENTH, that the Proposed Charging Letter, the Consent Agreement, and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.

A handwritten signature in black ink, appearing to read 'S.D. Mull', with a stylized, wavy line at the end.

Stephen D. Mull
Acting Assistant Secretary
Bureau of Political-Military Affairs
U.S. Department of State

Signed and Entered this 25 day of March 2008